

EXHIBIT III-3 OC TABLE SETTINGS – COST ALLOCATION ENCUMBRANCES ONLY

ORGANIZATION CONTROL TABLE MAINTENANCE/INQUIRY		07-22-2011 02:19 PM	
FUNCTION: C(A=ADD, C=CHNG, D=DEL, P=PRT, F5=VIEW MASTER, F6=RECALL MAINT, F10= DEL MAINT)			
		ORG CODE	: 7101
		FFY	: <u>2011</u>
LABOR	: RUN LABOR	: N	
COST	: RUN COST	: <u>C</u>	
	: PCA METHOD	: <u>1</u>	
MISC	: PM OPEN	: N	
	: CD102	: <u>Y</u>	
BUDGET	: BUD SEQ	: <u>Y</u>	
YEAR-END	: RUN YEC	: <u>Y</u>	
	: ORF FFY	: <u>C</u>	
		RUN TYPE	: <u>A</u>
		ENCUMB ALLOC	: <u>E</u>
		FUND/FS EDITS	: <u>0</u>
		CALATERS ORF	: <u>Y</u>
		BR-1 POSTED	: <u>Y</u>
		PY OPEN	: <u>C</u>
		NBR STEP DOWNS	: <u>02</u>
		LAST STEP RUN	: <u>00</u>
		CHECK FILE	: <u>Y</u>
		PY SCH10 TRANS	: N
		UNCLR COLL FFY	: <u>C</u>
HIERARCHY: LEVELA: <u>7000</u> LEVELB: <u>7010</u> LEVEL1: <u>7101</u> LEVEL2: _____ LEVEL3: _____			
DATA ERRORS: 1-10: I I I W W W I W 11-20: W W W W W I W			
21-30: W W I I W W W 31-40: W I W I I I I I			
41-50: I I I I I I I 51-60: I I I I I I I I			
61-70: I I I I I I I 71-80: I I I I I I I I			
FUND ERRORS: 1-10: I I I W W W W 11-20: I I I I I I I I			
21-30: I I I I I I I 31-40: I I I I I I I I			
41-50: I I I I I I I 51-60: I I I I I W I I			
61-70: I I I I I I I 71-80: I I I I I I I I			

OPTION #3 – Cost Allocate/Fund Split Fiscal Month 13 Expenditures and Encumbrances

FM 13 CA/FS of both expenditures and encumbrances can be processed at the same time. Option #3 takes the fewest days to complete and avoids potential OC Table maintenance errors.

To run CA/FS for FM 13 expenditures and encumbrances at the same time, use the new year OC Table to set the following indicators:

RUN COST	=	A, C or Y
RUN TYPE	=	A
ENCUMB ALLOC	=	Y
LAST STEP RUN	=	00 (Zero-Zero)

Refer to Exhibit III-4 for a sample of the OC Table Maintenance/Inquiry Screen.

NOTE: This option should be run only once.

EXHIBIT III-4
OC TABLE SETTINGS – COST ALLOCATION EXPENDITURES AND ENCUMBRANCES

ORGANIZATION CONTROL TABLE MAINTENANCE/INQUIRY		07-22-2011 02:19 PM
FUNCTION: <u>C</u> (A=ADD, C=CHNG, D=DEL, P=PRT, F5=VIEW MASTER, F6=RECALL MAINT, F10= DEL MAINT)		
	ORG CODE	: 7101 FFY : <u>2011</u>
LABOR	: RUN LABOR	: <u>N</u>
COST	: RUN COST	: <u>C</u>
	: PCA METHOD	: <u>1</u>
MISC	: PM OPEN	: <u>N</u>
	: CD102	: <u>Y</u>
BUDGET	: BUD SEQ	: <u>Y</u>
YEAR-END	: RUN YEC	: <u>Y</u>
	: ORF FFY	: <u>C</u>
HIERARCHY: LEVELA: <u>7000</u> LEVELB: <u>7010</u> LEVEL1: <u>7101</u> LEVEL2: _____ LEVEL3: _____		
DATA ERRORS: 1-10: I I I _ W W W W I W 11-20: W W W W W _ I I I I I		
21-30: _ W _ _ W I I W W W 31-40: W I W _ _ I I I I I		
41-50: I I I I I I _ _ _ 51-60: _ _ _ _ _ _ _ _		
61-70: _ _ _ _ _ _ _ _ 71-80: _ _ _ _ _ _ _ _		
FUND ERRORS: 1-10: I I I W _ _ _ W W W 11-20: I I I I I I I I I		
21-30: I I I I I I I I I 31-40: I I I I I I I I I		
41-50: I I I I I _ _ _ I 51-60: I I I I I I W I I I		
61-70: I I I I I I _ _ _ 71-80: _ _ _ _ _ _ _ _		

OPTION #4 – Cost Allocate/Fund Split Year-End Variance

This option is for departments that use standard costing PCAs. Variances created during the year that have not been allocated and those created after FM 13 cost allocation must be allocated in the year-end variance CA/FS process.

To run CA/FS for FM 13 variances, use the new year OC Table to set the following indicators:

RUN COST	=	A, C or Y
RUN TYPE	=	Y
ENCUMB ALLOC	=	N
LAST STEP RUN	=	00 (Zero-Zero)

NOTE: This option can be run only once.

PREPARE PRELIMINARY FM 13 RECONCILIATIONS

After the FM 13 CA/FS process is complete (including the correction of all resulting errors) departments should prepare preliminary FM 13 reconciliations. Request the Prior Year (PY) reports needed to prepare the preliminary FM 13 reconciliations. This includes the HB4, G01, DB1, DB2, D16, B03, B04 and S01 Reports. CALSTARS reconciling items may need to be corrected with additional entries. Any correcting entries affecting GL 9000 must be manually cost allocated and fund split.

At this time, departments should also request a B06 or N10 Report to review all appropriations for over-expenditures or inappropriate costs. Since the manual process of reclassifying the allocated encumbrance credit in Administration will not be performed until later, a Q14 or Q16 Report at a level that shows Administration separate from Distributed Administration may be used to determine the true balance of Administration (Refer to the *Reclassify Allocated Encumbrance Credit in Administration* section later in this chapter).

After reviewing the preliminary FM 13 reconciliations and the B06 Report, departments may find that budgetary expenditures (expenditures plus encumbrances) exceed appropriation, fund and/or cash balances. If this is the case, review the correctness of encumbrances, accruals and expenditures. If adjustments are necessary due to incorrect entries, refer to the subsequent section titled *Adjusting Encumbrance or Accrual Entries/Allocations* for instructions. For funds where revenue collections must be considered, verify that all receipts earned have been billed and/or accrued and revenues received in advance do not contain receipts for the current accounting period (B04, F01, and G02 Reports).

In most departments, the year-end review of budgetary expenditures is done in conjunction with Budget Office staff. If a scheduled line, appropriation, fund or cash in a fund is over-expended, adjustments must be made prior to statement preparation. It may be necessary to move expenditures/encumbrances, submit a Budget Revision or Deficiency Request, request a loan, or other appropriate action.

EXHIBIT III-5
RECLASSIFICATION WORKSHEET TO RECORD YEAR-END PFA

From the DB1 Report Ending Balance Column:

<u>GENERAL FUND</u>	GENERAL LEDGER 6297 <u>PFA AMOUNT OUTSTANDING</u>	<u>TC</u>	<u>GL IMPACT</u>		<u>SUBSIDIARY</u>
			<u>DR</u>	<u>CR</u>	
PROG 10	-\$125	541	6297	3110	00010000
PROG 20	-25	541	6297	3110	00010000
PROG 30	-50	541	6297	3110	00010000
PROG 40 Administration	-20	541	6297	3110	00010000
Distributed Admin	20	540	1400	6297	00010000
CLEARING ACCT	245 (debit \$200) ^{1/}	540	1400	6297	00010000
	(debit \$50)	540	1400	6297	08900000
	(credit \$5)	541	6297	3110	09420000
 <u>FEDERAL TRUST FUND</u>					
PROG 10	-\$20	541	6297	3110	00010000
PROG 30	-30	541	6297	3110	00010000
 <u>SPECIAL FUND</u>					
PROG 10	\$5	540 ^{2/}	1400	6297	00010000

^{1/} The Clearing Account entry for \$200 (TC 540) represents the amount due from the General Fund. The \$50 (TC 540) represents the amount due from the Federal Trust Fund and the \$5 (TC 541) is the amount "Due To" the Special fund (Refer to footnote 2/).

^{2/} The PFA amount outstanding in the Special fund represents an abatement on a return of a previously estimated charge (i.e., GL 6297 balance on the DB1 is a debit). In this case, TC 540 is recorded in the Special fund to establish a "Due From" and a TC 541 is recorded in the Clearing Account to establish a "Due To."

RECLASSIFY ENCUMBRANCES REPORTED AS ACCOUNTS PAYABLE

Encumbrances that are ultimately for a Governmental Fund or a General Obligation Bond Fund (classified as Funding Source **B** per the UCM) are not reclassified. Encumbrances that are ultimately for a Non-governmental fund or any Bond fund other than a General Obligation Bond Fund are reclassified.

Refer to Chapter V, Year-End Closing – Prepare Non-Governmental Fund Reports for detailed information about reclassifying encumbrances.

RECLASSIFY ALLOCATED ENCUMBRANCE CREDIT IN ADMINISTRATION

In CALSTARS, the allocation of encumbrances is based on the department's Cost Allocation (CA) Tables, but the credit is always back to the same PCA where the encumbrance was established. Administration and Distributed Administration programs use different PCAs. To properly reflect the encumbrance balance, an entry is required to shift the credit balance in Object Detail 912 from the Administration PCA(s) to the Distributed Administration PCA(s). (This adjustment applies only to program appropriations.) To determine the amount of Allocated Encumbrances that must be shifted, request a "Q" (Q16 or Q14, as appropriate) Report at the detail level after all encumbrance adjustments are completed and after the final encumbrance allocation process is completed. Make the following entries:

To the Administration PCA(s):

TC 312-Encumbrance Fund Distribution-Charge-Annual
Dr. 6151 Allocated Encumbrances-Annual
Cr. 6156 Allocated Encumbrances-Offset-Annual

Use Index, PCA and Object Detail 912; override Fund, FS, AS and Method.

To the Distributed Administration PCA(s):

TC 316-Encumbrance Fund Distribution-Recovery-Annual
Dr. 6156 Allocated Encumbrances-Offset-Annual
Cr. 6151 Allocated Encumbrances-Annual

Use Index, PCA and Object Detail 912; override Fund, FS, AS and Method.

After these entries have processed, request another B06 Report. This should be the final year-end B06 Report. Adjustment entries for Administration and Distributed Administration are displayed in Exhibit III-6.

NOTE: Once this entry is made, encumbrances cannot be allocated again using the CALSTARS automated process unless the entries above are reversed.

These entries **NOT** reversed in the new year.

EXHIBIT III-6
ADJUSTMENT ENTRIES FOR ADMINISTRATION AND DISTRIBUTED ADMINISTRATION

ENCUMBRANCE ALLOCATION IN ADMINISTRATION			
ADMINISTRATION Program 40.01 PCA 40001		DISTRIBUTED ADMINISTRATION Program 40.02 PCA 40002	
Q REPORT (Before encumbrance allocation): <u>Object</u> 226 243 464 TOTAL	<u>Encumbrance</u> \$10 12 <u>13</u> \$35		
Q REPORT (After encumbrance allocation): <u>Object</u> 226 243 464 912 TOTAL	<u>Encumbrance</u> \$10 12 13 <u>(35)</u> \$ 0		
ENTER TC 312: Index, PCA, Object 912 Override: Fund, FS, AS, Method		ENTER TC 316: Index, PCA, Object 912 Override: Fund, FS, AS, Method	
AFTER TC 312: Q REPORT: <u>Object</u> 226 243 464 912 TOTAL	<u>Encumbrance</u> \$10 12 13 <u>0</u> \$35	AFTER TC 316: Q REPORT: <u>Object</u> 912 TOTAL	<u>Encumbrance</u> <u>\$(35)</u> \$(35)

ENTER SUBSIDIARIES FOR GL 1390 AND GL 1600

GL 1600-Provision for Deferred Receivables is an offset account to:

- GL 1315-Accounts Receivable Dishonored Checks
- GL 1316-Accounts Receivable Cash Shortages
- GL 1319-Accounts Receivable Other
- GL 1340-Accounts Receivable Audit Exceptions
- GL 1380-Contingent Receivables

At year-end, departments must report the amount of each GL that is offset by GL 1600. This is done by adding Subsidiaries to GL 1600 to identify the amount of each offsetting account. During the year, GL 1600 is not recorded with Subsidiary information. TC 593 allows departments to add a Subsidiary to GL 1600. The numbering convention for the Subsidiary is **nnnn0000**, where **nnnn** is the GL being offset. All Subsidiaries must first be established in the D32 Subsidiary Descriptor Table.

To identify the amount of each account offset by GL 1600, sum the G02 Report, Pre-Closing Trial Balance, amounts for the GLs shown above. If the total equals the amount of GL 1600 on the G02 Report, Pre-Closing Trial Balance, these balances are used to post to the Subsidiaries. If the total of the balances do not equal the GL 1600 amount, further analysis is required to determine the offset amount. Verify the impact of the A-9, A-10 and A-12 adjusting entries. For further analysis, use the G03 Report, Trial Balance by Transaction Code. Post one summary entry for each offsetting general ledger account.

If GL 1390-Allowance for Uncollectible Amounts is used, Subsidiary numbers must be added as described above, using TC 592.

TC 592 and TC 593 are reversed in the new year. Auto-reverse batches are recommended.

NOTE: After the TC 592 and TC 593 are posted, review the G02 Report, Post-Closing Trial Balance to ensure that the total of the debit columns equals the total of the credit columns. If these entries are not made, the G02 Report, Post-Closing Trial Balance, will display an out of balance message at the bottom of the report.

RECLASSIFY FUND BALANCE CLEARING

During the YEC process, CALSTARS generates entries to close the nominal accounts to a Fund Balance account. The system closes nominal accounts for General Fund and other shared funds (identified in the D22 – Statewide Fund Descriptor Table as a shared fund) into GL 5570-Fund Balance-Clearing. The nominal accounts for non-shared funds (identified in the D22 Table) close into GL 5530-Fund Balance-Unappropriated. The nominal accounts for proprietary non-shared funds close into GL 5540-Retained Earnings.

The impact of these entries is reflected in the G02 Report, Post-Closing Trial Balance. If amounts appear in more than one fund balance GL or in the wrong fund balance GL, an additional manual entry is needed to correctly reclassify the fund balance to the proper account (e.g., Fund Balance-Clearing Account, Fund Balance-Unappropriated, or the Retained Earnings account).

If Fund Balance-Unappropriated has a credit balance:

TC 595-YEC Close Debit Balance Account GL-Non-Shared Fund
Dr. 5530 Fund Balance-Unappropriated
Cr. (Input the correct Fund Balance account)

If Fund Balance-Unappropriated has a debit balance:

TC 596-YEC Close Credit Balance Account GL-Non-Shared Fund
Dr. (Input the correct Fund Balance account)
Cr. 5530 Fund Balance-Unappropriated

If Retained Earnings has a credit balance:

TC 583-Close Debit Bal Acct GL -Retained Earnings
Dr. 5540 Retained Earnings
Cr. (Input the correct Fund Balance account)

If Retained Earnings has a debit balance:

TC 584-Close Credit Bal Acct GL -Retained Earnings
Dr. (Input the correct Fund Balance account)
Cr. 5540 Retained Earnings

These entries are **NOT** reversed in the new year.

REVIEW SUBSIDIARY

General ledger subsidiary balances must reconcile to document file subsidiaries. The subsidiary balances on the G02-Subsidiaries on File and the S01 Reports must agree. Compare the G02 or the S01 Reports to the document file subsidiary totals on the D09 or D10 Reports. All subsidiary differences between the reports must be corrected. Any differences between the subsidiary balances will appear on the Fund Level Accruals page of the DB3 Report, SCO/CALSTARS Automated Year-End. Although no error messages are associated with this out-of-balance condition, these subsidiaries should not appear on the Fund Level Accruals page. Refer to Chapter IV-B, Exhibit IV-B-9, for an example of the Fund Level Accruals page displaying out-of-balance subsidiaries.

PREPARE FINAL FM 13 SCO-CALSTARS RECONCILIATION

To avoid any inadvertent postings while preparing the final FM 13 reconciliation, FM 13 should be closed by setting the OC Table PY Open Indicator to **T** or **N**. The additional FM 13 SCO reconciliation checks any reclassification entries entered during FM 13. Reconciling items found during this process that are not SCO reconciling items must be corrected with additional CALSTARS entries. Any entries affecting GL 9000-Expenditures must be manually cost allocated and fund split. The Report No. 2, Accrual Worksheet is prepared from these final FM 13 reconciliations.